

YOR920030627US1

AFTER FINAL: EXPEDITED ACTION
Amendment dated 03/16/2009

00280765aa

Reply to office action mailed 01/14/2009

REMARKS

Claim 29 is currently pending in the application. By this amendment, claim 29 is amended for the Examiner's consideration. The foregoing separate sheets marked as "Listing of Claims" shows all the claims in the application, with an indication of the current status of each.

The Examiner objects to terms such as "likely", "unlikely" and "predisposition" as used in claim 29 because the specification does not provide metrics describing the scope of these terms. It will be observed that the invention itself defines a methodology for a ranking, as summarized at page 3, line 12, to page 4, line 16. The claimed methodology is responsive to an observed deficiency in the prior art, namely:

"Prior approaches to the customer-targeting problem have been largely empirical in the following sense. A relatively small set of metrics summarizing the overall financial conditions of each company are obtained, each metric is multiplied by an empirically-determined "weight factor", and a "propensity score" is then computed simply as the sum of these weighted features. A key deficiency in this approach is that no rigorous attempt is made to choose the weight factors such that the resulting scores are verifiably higher for companies that did actually outsource. Hence, if the selected features or their specified weights are incorrect, the resulting scores will be of little utility in predicting which companies are likely to outsource." (page 3, lines 1-10; emphasis supplied)

Thus, the ranking methodology of the invention is designed to be sure that "the resulting scores are verifiably higher for companies that did actually outsource." This is accomplished by identifying Positive Examples (of actual outsourcing) and Negative Examples (of predisposition against outsourcing) at particular times ("signal periods"), mining available data for metrics regarding these Examples over the respective signal periods, and constructing and training a model for use in selecting those metrics "most likely to differentiate" Positive Examples from Negative Examples. These steps in the methodology provide what was missing in the prior art,

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namely, assurance that “the resulting scores are verifiably higher for companies that did actually outsource.” Furthermore, as would be readily apparent to one skilled in the art, the model thereby trained provides a scale of scores between Positive Examples and Negative Examples. This ranking provides the metric reference for use of the terms “likely,” “unlikely,” and “predisposition.” And this is the scale along which Candidate Examples may be ranked. Thus, it is submitted that the Examiner’s ground of objection has been overcome.

The term “disposition” is objected to as not being defined in the specification. This objection is overcome by replacing “disposition” with “predisposition” as defined at page 7, lines 15-17.

The Examiner maintains rejection of claim 29 under 35 U.S.C. §103(a) as being unpatentable over the thesis “The risks and effects of outsourcing on the information systems function and the firm” by Peak, in view of U.S. Patent Publication No. 2002/0069155 to Nafeh et al (“Nafeh”), and further in view of U.S. Patent Publication No. 2005/0108227 to Russell-Falla et al. (“Russell”).

The Examiner has kindly provided remarks in response to applicant’s prior argument. These will now be addressed.

The “outsourcing vendor’s point of view” is a reference to the user of the invention. The user of the invention need not be specified in the claim, which simply describes the process of the invention. Peak is directed to a study of the consequences on stock prices of outsourcing. This has no relevance to the claim at issue, because the claim at issue describes a methodology for selecting evaluative metrics that differentiate between Positive Examples (where outsourcing has taken place) and Negative Examples (where there is a predisposition not to outsource). Peak has data for some metrics pertaining to Positive Examples, but no data pertaining to Negative Examples. Furthermore, Peak has no methodology whatsoever for establishing scoring results that are verifiably higher for Positive Examples over Negative Examples. The Examiner argues that “internal IS staff or

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external business analysts” can “evaluate the effects of outsourcing” and connect “financial related parameters” to “a specific date within the recent past.” It is not understood how this relates to a *prima facie* case for the claim elements that result in “selecting a subset of metrics or features that are mathematically most likely to differentiate Positive Examples ... and Negative Examples” (claim 29, lines 27-28).

The Examiner argues that “Negative Examples” reads on “negativity of the effects of outsourcing.” If one uses a dictionary definition of “negative”, the Examiner’s argument would be supported. However, the Court of Appeals for the Federal Circuit has addressed this question, to the contrary of the Examiner’s position. Formerly, absent a specific re-definition of a term in the specification, “a court will give a claim term the full range of its ordinary meaning,” *Texas Digital Systems, Inc. V. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002) at 1202. What the Examiner has done here is in accordance with the *Texas Digital* line of cases.

However, in the more recent case of *Phillips v. AWH Corporation*, 415 F.3d 1303 (Fed. Cir. 2005) the court specifically considered and rejected the *Texas Digital* lines of cases, stating that the *Texas Digital* approach “improperly restricts the role of the specification in claim construction” (*Phillips*, at page 1320, emphasis added). In support of this conclusion the court cited their own precedent that “the specification may define claim terms by implication such that the meaning may be found in or ascertained by a reading of the patent documents” (*Irdeto Access v. EchoStar*, 383 F.3d 1295, 1300 (Fed. Cir. 2004)) and “[A] claim term may be clearly redefined without an explicit statement of redefinition” (*Bell Atlantic Network Services v. Covad*, 262 F.3d 1258, 1268 (Fed. Cir. 2001).

Further elaborating on their conclusion to reject the *Texas Digital* line of cases, the court also said that

“The main problem with elevating the dictionary to such prominence is that it focuses the inquiry on the abstract meaning of words rather than on the meaning of claim terms within the context of the patent. Properly viewed, the ‘ordinary meaning’ of a claim term is its meaning to the ordinary artisan after reading the entire patent. Yet

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heavy reliance on the dictionary divorced from the intrinsic evidence risks transforming **the meaning of the claim term to the artisan into the meaning of the term in the abstract**, out of its particular context, which is the specification. The patent system is based on the proposition that claims cover only the invented subject matter. As the Supreme Court has stated, ‘it seems to us that nothing can be more just and fair, both to the patentee and the public, than that the former should understand, and correctly describe, just what he has invented, and for what he claims a patent.’ *Merrill v. Yeomans*, 94 U.S. at 573-74. **The use of a dictionary definition can conflict with that directive because the patent applicant did not create the dictionary to describe the invention. Thus, there may be a disconnect between the patentee's responsibility to describe and claim his invention, and the dictionary editors' objective of aggregating all possible definitions for particular words.**” (*Phillips*, at page 1321; emphasis supplied)

Consequently, in the present case, the law under *Phillips* requires that the term “Negative Examples” be given the meaning provided in the specification **as understood by one skilled in the art**. It is improper, under *Phillips*, to give an interpretation of a word in this term from dictionary definitions that are divorced from the specification as understood by one skilled in the art.

Thus, it is submitted that it is improper for the Examiner to use a dictionary definition of “negative” so as to misread the term “Negative Examples”. Indeed, upon reflection and careful review of the Examiner’s argument, it is submitted that use of the Peak reference is fatally contingent upon a dictionary definition of the word “negative” that is impermissible under *Phillips*. Consequently, it is submitted that the Examiner’s *prima facie* case fails, and therefore the finality of the rejection should be withdrawn.

Certain other arguments of the Examiner are directed to particular language in the applicant’s argument (e.g. “well ahead”) that are not in the claims. It is not clear why these contentions are being made. As to “well ahead”, the closest meaning in the claim language is to the “Blackout Period” referred to in the extended definition of “signal period”, so as to avoid influence of a “Negative Example” upon a “Positive Example” from the same company.

For completeness of the record, the applicant's arguments traversing the Examiner's §103 ground of rejection will now be restated.

Outsourcing is a costly process for any company seeking to provide the services that are outsourced (page 2, lines 17-18). Consequently, it is desirable for an outsourcing provider to target these expensive efforts toward companies more likely to consummate a deal (page 2, lines 18-20). In the prior art, certain assumptions were made (page 2, line 26, to page 3, line 4) about the characteristics of companies most likely to outsource – for example, experiencing poor financial performance would be such a characteristic – and then metrics summarizing these characteristics were weighted and combined (page 3, lines 3-6), but without a rigorous effort to select characteristics and choose weight factors which provide a verifiable correlation to actual results (page 3, lines 6-10).

The present invention overcomes this deficiency of the prior art by a process which provides the missing rigor in the selection of characteristics and choice of weight factors. This is accomplished as described in Figure 1.

The Peak reference cited by the Examiner is a doctoral thesis analyzing the risks associated with outsourcing of the information systems (IS) function. In particular, Peak examines "the empirical effects of IS outsourcing on the firm's market value and market risk" (synopsis, second full paragraph). Peak considers the effect upon the firm's stock price of the outsourcing announcement, and concludes that "risk residuals" computed from stock option prices show no effect for financially constrained companies, and while there is initially reduced risk for financially healthy companies the "risk residuals quickly rise to levels comparable to those of financially constrained firms" (synopsis, fourth full paragraph).

Nowhere does Peak consider the question at issue in the present invention, namely, how to identify firms that are more likely (rather than less likely) to go through with an outsourcing deal if one is proposed. From the outsourcing vendor's point of view – and the view of vendors similarly situated and seeking to know

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whether they should spend the resources required to pursue an outsourcing deal with a particular "Candidate Example" – the effort expended to close the deal was successful.

The Examiner has similarly misidentified "Negative Examples." Indeed, from the point of view of the claimed invention, the Examiner's "Negative Examples" are, in fact, "Positive Examples" because the outsourcing deal went through. What the firm's internal IS staff thinks about the outsourcing vendor after the deal has been done is irrelevant. Again, the "negativity" issue has been addressed above with reference to the *Phillips* case.

Because the Examiner's premise is incorrect, all the remaining citations to Peak are beside the point because they do not pertain to the invention. The analysis done by Peak goes in a different direction entirely, to distinguish relative effects on "risk residuals" (as measured by stock option pricing) of the outsourcing announcement as between financially constrained firms and financially healthy firms. What the Examiner has not appreciated is that, from the viewpoint of the claimed invention, all of these firms are "Positive Examples" because they all outsourced their information systems function. For example, the Examiner's attempt to make a connection between the negative perceptions of internal IS staff and a "pre-disposition not to outsource" (page 4, second paragraph), in order to show a "Negative Example," misses the point entirely. This is a "Positive Example" because the outsourcing deal was, in fact, consummated. The metrics and analysis used in Peak are directed to the question of "residual risk", as measured by the price of stock options relative (in time) to the announcement of the outsourcing deal, and have nothing to do with the present invention.

It should be noted that the subject matter of Peak is the same as the subject matter of the preferred embodiment of the invention, namely, outsourcing of information systems functionality. It must be emphasized that the present invention is broader than the IS (or IT) outsourcing industry. The methodology of the invention

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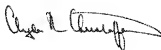
can be applied to any function that is subject to outsourcing, simply by focusing the data gathering around known "Positive Examples" where outsourcing deals have, in fact, been consummated in the particular functional area of concern.

In view of the foregoing, it is requested that the application be reconsidered, that claim 29 be allowed, and that the application be passed to issue.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at 703-787-9400 (fax: 703-787-7557; email: clyde@wcc-ip.com) to discuss any other changes deemed necessary in a telephonic or personal interview.

If an extension of time is required for this response to be considered as being timely filed, a conditional petition is hereby made for such extension of time. Please charge any deficiencies in fees and credit any overpayment of fees to Deposit Account 50-0510 (IBM-Yorktown).

Respectfully submitted,



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